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SUBJECT: BUSINESS LICENSES NOW ISSUED IN A SINGLE DAY

REF: MAPUTO 126

¶1. (U) SUMMARY: The GRM recently announced that commercial licenses for small businesses will be issued in a single day and location. The change comes on the heels of recommendations by post on how to reduce poverty in Mozambique and suggests that President Guebuza's administration recognizes the importance of improving the business environment and working cooperatively with the public and private sector to solve the country's economic woes. END SUMMARY.

¶2. (U) Commercial licenses for certain types of small businesses like barbershops and cafeterias are to be issued in a single day and place, effectively as a "one-stop shop," according to a decree on simplified licensing approved by the Mozambican government on March 25. Applicants need only fill out one form and present a valid tax ID to for approval. The decree will allow the business owner to start operating as soon as the license is issued, even before any inspections, which will be undertaken later, to avoid slowing the process down.

¶3. (SBU) In February the Charge met with President Guebuza to discuss potential solutions to the GRM's significant economic development problems (reftel). During the meeting, the Charge encouraged the President to accelerate work on strengthening Mozambique's business environment to attract employment-generating investments. On April 3, the USAID Director met with the Minister of Industry and Commerce Antonio Fernando, who reiterated the GRM's commitment to improving the business climate in Mozambique and attaining a higher ranking on the World Bank's &Doing Business Index.8 According to the Minister, the "one-stop shop" concept for licensing will serve as the foundation of, and as an example for, additional policy reforms aimed at simplifying bureaucratic processes.

¶4. (SBU) COMMENT: The new decree resulting in issuance of a business license in one day is a significant improvement over the average of 29 days currently needed to get a license as reported by the World Bank in its 2008 "Doing Business Index." The GRM's move suggests that the Guebuza administration recognizes the importance of foreign investment to economic development and the fight against poverty, and understands that creating a cooperative environment between the public and private sectors will attract even more investment. END COMMENT.
Chapman